

VZCZCXRO5693  
RR RUEHDE RUEHDH RUEHDIR  
DE RUEHRH #1447 3051435  
ZNY CCCCC ZZH  
R 011435Z NOV 09 ZDK CTG SVC# 3381 3051519  
FM AMEMBASSY RIYADH  
TO RUEHC/SECSTATE WASHDC 1817  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE  
RUEHDS/AMEMBASSY ADDIS ABABA 0350  
RUEHTA/AMEMBASSY ALMATY 0161  
RUEHAK/AMEMBASSY ANKARA 0232  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L RIYADH 001447

SENSITIVE  
SIPDIS

STATE FOR NEA/ARP  
STATE FOR U/S HORMATS

E.O. 12958: DECL: 10/31/2019  
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SUBJECT: SAUDI ARABIA INVESTING IN ETHIOPIA TO IMPROVE FOOD  
SECURITY

¶1. (U) The Saudi Government is working with its private sector to bolster the Kingdom's food security by investing in agricultural production in Ethiopia. Representatives from the Ministries of Agriculture, Commerce and Industry, Finance, and Transportation will participate in a forum on November 14-15 in Addis Ababa to officially mark the beginning of a cooperative project under which Ethiopia made one million hectares of land available for Saudi private companies to develop. Saudi Arabia and Ethiopia are also holding an associated trade fair November 14-17, at which more than 50 Saudi companies will be represented to showcase industrial and commercial products, seeking business both in Ethiopia and in neighboring countries.

¶2. (SBU) According to Ministry of Commerce officials, the Saudi dairy and agricultural entity Al-Amary accepted the Saudi Government invitation to invest in the entire project, and will concentrate on growing wheat and barley. The project is closely modeled on what British and continental grocery stores are doing in West Africa, where local farmers are given seeds, training and tools. The Saudi Government will help Ethiopia upgrade some of its infrastructure, including roads, silos and port facilities. Saudi Commerce Minister Alireza has recently told Ambassador Smith that Saudi Arabia is also building a port in Djibouti to increase agricultural exports, and considering constructing a second port south of Jeddah in Saudi Arabia to receive them.

¶3. (C) Several Saudi officials have explained to Embassy officers that this is part of King Abdullah's strategy to improve both Saudi Arabia's food security and the welfare of poorer countries, particularly in Africa. The King has directed his officials to develop win-win projects. Saudi Arabia has talked to a number of other countries about potential investments along these same lines. On October 31, Vice Finance Minister Al-Bazaiy told EconCouns that initially bright prospects in Kazakhstan did not pan out for a number of reasons. Similarly, Saudi Arabia decided not to pursue investments in Ukraine. Turkish Embassy officials report that Turkish Agricultural Minister Mehdi Eker will visit Saudi Arabia the week of November 2 to discuss a potential investment in state-owned land in Turkey's southeast. According to the Turkish Embassy, the Saudi Government first expressed interest in 2007 in potential investments, and proposed an agreement. Follow up from Riyadh, however, has been quite slow, leading the Turkish Embassy to expect it will take some more time for any deal with Saudi Arabia to mature. Commerce Minister Alireza told the Ambassador that Saudi Arabia had decided not to pursue a similar project in Pakistan, largely because the Saudi Government and its companies did not believe they could manage the security

issues involved.

14. (SBU) Saudi Finance officials said that they would welcome working with U.S. Government agencies on cooperative approaches in regional agricultural development.  
SMITH